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COPY NO. 17

CENTRAL INTELLIGENCE AGENCY OFFICE OF CURRENT INTELLIGENCE 19 February 1955

MEMORANDUM FOR: Deputy Director (Intelligence)

SUBJECT:

Offshore Island Situation

Nanchishan:

According to MAAG reports, the Chinese Communists have occupied three previously unoccupied islands about 12 miles north of Nanchishan and one island, Taishan, about 40 miles to the south. The occupation of these islands evidently touched off the naval and air action reported by the Nationalists near Taishan.

According to press reports from Formosa, the Nationalists claim to have sunk 22 Chinese Communist vessels on 18 and 19 February, including one sumbarine. The Nationalist air force is reported to have sunk 15 Communist motorized junks in the same area according to MAAG. The Chinese Nationalist air force reports that a submarine was sighted southeast of Taishan and that an aircraft attacked it with 4 GP 500-pound bombs which dropped in the immediate vicinity of the submarine. Damage reported as unknown. There are still no official reports of details and results of the naval action in this area.

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HUNTINGTON D. SHELDON Assistant Director, Current Intelligence

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